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IN THE UNITED STATES PATENT AND TRADEMARK OFFICE
BEFORE THE TRADEMARK TRIAL AND APPEAL BOARD

Proceeding	92047433
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IN THE UNITED STATES PATENT AND TRADEMARK OFFICE
BEFORE THE TRADEMARK TRIAL AND APPEAL BOARD

GADO S.R.L.,

Petitioner,

v.

JAY-Y ENTERPRISE CO., INC.,

Respondent.

Cancellation No. 92047433

AND RELATED COUNTERCLAIM.

BRIEF OF JAY-Y ENTERPRISE CO., INC. AS DEFENDANT IN THE
CANCELLATION AND AS PLAINTIFF IN THE COUNTERCLAIM

Pursuant to Rule 2.128 of the Trademark Rules of Practice, Respondent and Counterclaimant Jay-Y Enterprise Co., Inc. hereby submits the following brief in response to Petitioner Gado S.r.l.'s Principal Brief and in support of its counterclaim petition to cancel Registration No. 3,108,433.

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I. INTRODUCTION

Fourteen years after Respondent and Counterclaimant Jay-Y Enterprise Co., Ltd. (“Jay-Y”) first adopted and used its DG marks on and in connection with sunglasses, eight years after Jay-Y filed its applications to register its DG marks, and almost five years after the registrations issued, Petitioner and Counterclaim Respondent Gado S.r.l. (“Gado”) decided to try to lay claim to the DG marks. As discussed herein, when stripped of its rhetoric, its mischaracterizations of the evidence, and its unsupported assertions of wrongdoing, Gado’s evidence and opening brief illustrate that Jay-Y was the first party to use the DG marks in the United States and, as a result, is entitled to keep its registrations of those marks. Moreover, because Jay-Y used its marks before Gado commenced use of its “D&G” mark in the United States, Jay-Y is entitled to cancellation of Gado’s Registration No. 3,108,433.

As in most cancellation proceedings predicated on Section 2(d), the issues presented by these proceedings are relatively straightforward: Does Gado own rights to a trademark that was used in the United States prior to Jay-Y commencing use of its DG marks, and is Jay-Y’s mark confusingly similar to Gado’s. Unfortunately for Gado, its evidence does not support its petition.

It is undisputed that Jay-Y began use of its DG marks in 1993. While Gado attempts to characterize that use as “small, sporadic, and inconsequential,” the reality is that Jay-Y’s sales of sunglasses have steadily *increased* over time. While its sales in 1993 may have only been of 336 pairs of sunglasses in at least 16 States, by 1998 those sales had skyrocketed to over 103,182 pairs of sunglasses in at least 41 States. As a consequence, Gado is required to prove that it has used a confusingly similar mark *prior* to Jay-Y’s priority date of 1993. It cannot.

As discussed below, the only evidence presented by Gado to support its claim of prior use was the testimony of Gabriella Forte and Paolo Vannucchi¹ together with the exhibits thereto and a number of scattered advertisements that appeared in magazines from time to time over the past twenty years. Because Mr. Vannucchi was not employed by Gado until 1999, and Ms. Forte was not employed by Gado until 2002, many of the conclusions Gado attempts to draw from their testimony are simply unsupported. As a result, Gado has been forced to mischaracterize their testimony, in the hope that the Board accepts that characterization and does not examine that testimony itself.

For example, as evidence to support its representation that Gado introduced the “‘D&G’ line in 1996” in New York (Pet. Brf. 7), Gado cites to inadmissible statements made in its 2001 Annual Review² and the testimony of Ms. Forte:

Q. Did there come a time when you actually saw the D&G mark affixed to any goods in the marketplace?

A. Yeah, I saw it, and I can’t remember now the year, but I do remember – **it could have been ‘95, ‘96, ‘97, it’s around that time.** They did a D&G show in New York at the tents. *I couldn’t go ...*

(Forte Depo. 41:15-25.) Thus, according to Gado’s own testimony, the D&G DOLCE & GABBANA mark may have been presented at a show in New York “around” the period from 1995 to 1997, but the person testifying to the event did not actually see the show. Ignoring for the moment that this testimony does not get behind Jay-Y’s first use date of 1993, it also begs the

¹ Gado did file testimony of two other witnesses. Because that testimony is not cited by Gado in support of its Principal Brief, it is not addressed herein.

² The specific reference, to a timeline that appears at Exhibit A, page DG00589, is inadmissible as hearsay. See Jay-Y Enterprise Co., Inc.’s Evidentiary Objections To Evidence Offered In Gado S.r.l.’s Principal Brief, Section II.A, concurrently filed herewith.

question of whether the show actually occurred and when Gado actually started using its D&G DOLCE & GABBANA mark in the United States.

With regard to Gado's alleged first use of the "DG" mark, the evidence is similarly mischaracterized. For example, while Gado characterizes certain testimony by Ms. Forte as "testimony regarding 'DG' on purse in runway shows in 1994" (Pet. Brf. at 7), the actual testimony from Ms. Forte was:

"As I told you, 1994, I remember the DG bag because of this designer that I hired for the accessories line. ***Actually, it was 1995.***"

(Forte Depo. 83:6-8.). Even at that, Ms. Forte could not testify whether the bag was even sold in the United States:

Q. Do you know whether that bag available for sale in the United States?

A. Specifically, I don't know that.

(Forte Depo. 161:7-10.)

Given the import of the dates of first use in this proceeding, this pervasive imprecision in Gado's evidence is fatal to Gado's claim.

Because the undisputed evidence demonstrates that Jay-Y used its DG marks in the United States prior to Gado's use of *both* its D&G DOLCE & GABBANA mark and its DG mark, the only issues to be decided on Gado's petition are whether Jay-Y's DG mark is confusingly similar to Gado's DOLCE & GABBANA mark and whether Jay-Y's DG mark dilutes Gado's rights to its DOLCE & GABBANA mark. Because Gado has not met its burden of proving such confusing similarity, its petition based on Section 2(d) should be denied. Additionally, because Gado has not met its burden of proving that its DOLCE & GABBANA mark was famous at the time that Jay-Y first used its DG marks or that there is a likelihood of

dilution occurring, Gado's petition based on Section 43(c) (15 U.S.C. § 1125(c)) should be denied. Moreover, accepting Gado's position that DG and D&G are confusingly similar, in light of Jay-Y's clear priority, Jay-Y's cancellation petition should be granted and Registration No. 3,108,433 should be cancelled.

DESCRIPTION OF THE RECORD

Gado's description of the record is accurate.³

STATEMENT OF FACTS

II. JAY-Y'S EVIDENCE

A. Jay-Y's Background And Its Adoption Of The DG Marks

Jay-Y is a family-owned business founded in 1983 in Los Angeles, California. (T. Chen Depo. 16:25-17:1, 17:6-9.) From inception, Jay-Y has been in the business of importing and selling sunglasses. (*Id.* at 19:14-25.) Beginning in about 1990, Jay-Y decided that it needed to develop its own brands of sunglasses in order to better compete in the marketplace. (*Id.* at 23:6-25:12.) Specifically, Jay-Y began to develop logos "to put on the sunglasses so that customers will know that that is our brand." (*Id.* at 25:17-20.)

The first brands adopted by Jay-Y were "CG," "DG," and "CHALLENGER." (T. Chen Depo. 27:20-28:10.) In order to promote those brands, Jay-Y presented them at trade shows, showed them to customers in its showroom, and sent samples to customers. (*Id.* at 31:4-24.) Between 1993 and 2000, Jay-Y attended approximately seven (7) trade shows per year. (T. Chen Depo. 41:1-42:25.) While Jay-Y now attends two trade shows each year, Jay-Y did and

³ Jay-Y apologizes to the Board for the volume of the exhibits submitted in support of its position. Unfortunately, given Gado's refusal to accept that Jay-Y had, in fact, sold sunglasses under the DG marks in the volumes reflected in the exhibits (see Gado's Evidentiary Objections), and in light of the burden of proof Jay-Y was required to meet in order to rely on dates of first use that predate the dates set forth in its registrations, Jay-Y had no choice but to submit printouts of all of the data demonstrating its actual sales of sunglasses under those marks.

continues to exhibit its merchandise at trade shows, including the sunglasses bearing the DG marks. (Id. at 43:15-44:21.)


B. Jay-Y Owns The DG Mark

Jay-Y is the owner of two U.S. registrations for its DG mark:



- U.S. Reg. No. 2,582,314 for its  mark for “sunglasses, optical frames, reading glasses,” issued on June 18, 2002. Petitioner’s NOR Ex. 4; and



- U.S. Reg. No. 2,663,337 for its  mark, also for “sunglasses, optical frames, reading glasses,” issued on December 17, 2002. Petitioner’s NOR Ex. 5.

Jay-Y first sold sunglasses in connection with the DG mark in 1993 and has continuously and increasingly sold sunglasses in connection with the mark since then. (See T. Chen Depo. Exhs. 134, 137, 142, 143, 145, 150, 152, 154, 156, 160, 162, 164, 166, 168, 170, 172.).⁴ For example, in 1993, Jay-Y sold 336 pairs of sunglasses in 16 States; in 1994, it sold 11,460 in 18 States. (See T. Chen Depo. Exh. 134, 137.) By 1998, Jay-Y had sold a total of 291,186 pairs of sunglasses under the marks in at least 41 States, generating \$318,175.45 in sales. (See T. Chen Depo. Exhs. 134, 137, 142, 143, 145, 150, 152, 154, 156, 160, 162, 164, 166, 168, 170, 172.)

Details regarding Jay-Y’s sale of sunglasses in connection with its DG mark from 1993-1998 – demonstrating ever-increasing volumes of sales – are set forth in the table below.

	<u>1993</u>	<u>1994</u>	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>
Total No. of Pairs	336	11,448	16,704	74,520	84,996	103,182
Total Yearly Sales	\$299.50	\$10,566.25	\$17,831	\$92,880	\$91,675	\$104,923.70

⁴ Gado contends that the applicable date of first use for Jay-Y's DG marks is December 1999. Pet. Brf. at 12 and 39. To the contrary, the evidence clearly establishes that Jay-Y's first use of its DG mark shown in Registration No. 2,582,314 is at least as early as December 16, 1993 (See Exh. 101 and 135) and that Jay-Y’s first use of its DG mark shown in Registration No. 2,663,337 is at least as early as April 27, 1995 (See Exh. 141, pgs. JAY-Y00394-395, JAY-Y00397, and Exh. 110).

(in dollars)						
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(Id.) Jay-Y continues to sell sunglasses under the DG marks, and has never stopped using the marks. (W. Chen Depo. 54:22-55:3.)

C. Jay-Y Has Introduced Clear And Convincing Evidence Of Its First Use Of The DG Marks⁵

In order to demonstrate Jay-Y's first use of the DG marks, Teresa Chen, one of the founders of Jay-Y, first created a list from her memory of the model numbers of the sunglasses that she recalled included one of the DG marks. (T. Chen Depo. 51:3-52:3.) Ms. Chen then took that list and asked that Jay-Y's warehouse and showroom be searched to try to find samples of the specific sunglasses. (Id. at 52:4-53:5.) In addition, she asked the factories that manufacture sunglasses for Jay-Y to try to locate samples of the specific model numbers. (Id. at 54:1-18.)

Based on that search, Jay-Y was able to locate some, but not all, of the models of sunglasses listed by Ms. Chen. (Id. at 53:17-25.) Photographs of the sunglasses Jay-Y was able to locate are reflected in Exhibit Nos. 100-130, to which Gado has not objected. Thus, Jay-Y was able to identify with certainty that certain of the sunglasses it had sold were sold under its DG marks.

Using the model numbers for the sunglasses – which are imprinted on the temple of the glasses as shown in Exhibit No. 100-130 – Jay-Y then looked through its computerized accounting records to determine whether those models had been sold and created lists of both the

⁵ Although Gado does not appear to have asserted that Jay-Y has failed to present evidence of its first use of the DG marks (see Pet. Brf. at 12 and n.4), in light of Gado's mention of the dates of first use asserted in the registrations at issue and its burden of proof on the issue, Jay-Y highlights its evidence of first use herein. *See Elder MFG. Co. v. International Shoe Co.*, 92 USPQ 330, 332 (CCPA 1952) (Applicant is not bound by the date of first use alleged in his application for registration and is subsequently permitted to show an earlier date by clear and convincing evidence); *Hydro-Dynamics, Inc. v. George Putnam & Company, Inc.*, 1 USPQ2d 1772, 1773-74 (Fed. Cir. 1987) (Applicant permitted to prove a date earlier than the date alleged in its application by proper evidence, and is not bound by date of first use in application).

purchase records and sales records that included each of those models. (Ou Depo. 69:2-22; T. Chen Depo. 78:3-79:4.) Jay-Y then used the lists of invoices from the reports and printed out copies of those invoices from the accounting records. (T. Chen Depo. 94:13-95:4; W. Chen Depo. 51:19-53:15.) While Gado has raised evidentiary objections to those records, as set forth in Jay-Y's concurrently filed response to those objections, they should be overruled.

In sum, Jay-Y has presented uncontroverted evidence that it first started selling sunglasses under the DG marks in 1993, and that it has continued to sell sunglasses under those marks through the present.

III. GADO'S EVIDENCE

A. Gado Has Presented Scant Evidence Of Its Use Of Its Marks

1. Evidence Of Use Of The DOLCE & GABBANA Mark

According to Gado, the DOLCE & GABBANA brand was launched in Milan, Italy in 1985 by two designers, Mr. Domenico Dolce and Stefano Gabbana. (Pet. Brf. at 1.) Initially, the Dolce & Gabbana group sold only women's clothing in connection with the DOLCE & GABBANA mark.⁶ (Forte Depo. 31:7-20.)

The Dolce & Gabbana group opened its first showroom featuring men's and women's clothing in the United States in New York, New York in 1990.⁷ It was not until 1997, that the Dolce & Gabbana group began to sell eyewear in connection with the DOLCE & GABBANA mark. (Vannucchi Depo. Ex. C, DG00579.)

⁶ Gado is part of the Dolce & Gabbana S.r.l. ("Dolce & Gabbana group") which licenses use of the trademarks.

⁷ Although Gado claims that Dolce & Gabbana opened its first showroom in the United States in New York, New York in 1990, the first sales figures provided in connection with the DOLCE & GABBANA mark show sales in the United States of clothing in fiscal year 1997 and of fragrance in calendar year 1994. (Vannucchi Depo. Ex. C, DG00579.)

The Dolce & Gabbana group opened its first retail store featuring the DOLCE & GABBANA brand in New York in 1997. (Vannucchi Depo. 26:14-17.) The next store opened in Los Angeles, followed by three other stores in the mid-2000s. (Forte Depo. 95:4-96:16.) There currently are five DOLCE & GABBANA retail stores located in each of the following cities: New York, New York; Las Vegas, Nevada; Los Angeles, California; Bal Harbour, Florida; and Millburn, New Jersey (the “Mall at Short Hills”). (Forte Depo. 96:4-9.) There are also three outlet stores, although these did not open until in the 2000’s. (Vannucchi Depo. 139:13-25.).

Gado also sells its DOLCE & GABBANA line at various third party retail stores in the United States. (Forte Depo. 89:20-100:19.) As of 2002, the DOLCE & GABBANA “ready-to-wear” clothing line was sold in 20 Neiman Marcus stores and 15 Saks Fifth Avenue stores on the coasts; it was not carried in stores in the “innerland” such as Kansas City or Minnesota. (Forte Depo. 90:20-90:3.) Sometime between 2002 and the present, Dolce & Gabbana closed about twenty percent of the third-party accounts selling DOLCE & GABBANA merchandise. (Vannucchi Depo. 140:15-146:17; Forte Depo. 97:24-98.)

The record contains only 12 years of sales figures for DOLCE & GABBANA “ready-to-wear” clothing and only 12 years of sales figures for DOLCE & GABBANA branded eyewear in the United States.⁸ (Vannucchi Depo. Ex. C, DG00579.) In fiscal year 1997, the first year of sales provided for clothing, wholesale sales of DOLCE & GABBANA “ready-to-wear” clothing reached only just over € 9 million. (Vannucchi Depo. Ex. C, DG00579.) That year, wholesale sales of eyewear were merely around [REDACTED] (Id.) It was not until fiscal year 2003, that

⁸ Exhibit C contains no evidence of sales of DOLCE & GABBANA “ready-to-wear” clothing in the United States for the fiscal years 1994, 1995 or 1996.

wholesale sales of “ready-to-wear” clothing reached over € 50 million. (Id.) In 2008, wholesale sales of DOLCE & GABBANA branded eyewear were a mere [REDACTED] (Id.)

In addition to these figures, Gado introduced a total of 53 issues of publications showing use of the DOLCE & GABBANA mark in an advertisement, caption of a photograph or article. (NOR Exhs. 23-48, 50-76). For the five years preceding Jay-Y’s first use of its DG mark (1989 to 1993), the record reflects copies of only nineteen (19) individual issues of publications that contain an advertisement, caption or article referencing DOLCE & GABBANA merchandise. (NOR Exhs. 23-35, 50, 52-55 and 58.) For the next thirteen (13) years (1994 to 2007), the record contains copies of only thirty-four (34) issues of publications that contain an advertisement, caption or article referencing DOLCE & GABBANA merchandise. (NOR Exhs. 36-48, 51, 56-57, 59-76.)

Gado did not introduce a survey or any other publications that demonstrate consumer recognition of the DOLCE & GABBANA mark. Gado also did not introduce a survey regarding the purported likelihood of dilution of its DOLCE & GABBANA mark.

2. Evidence Of Use Of The D&G DOLCE & GABBANA Mark

Although its evidence does not support the assertion, according to Gado, the D&G DOLCE & GABBANA mark first appeared in a magazine in the United States in September 1995 and was featured in its first fashion show in the United States in 1996. (Pet. Brf. at 15-16.) The record, however, contains only U.S. sales figures for D&G DOLCE & GABBANA “ready-to-wear” clothing from fiscal year 1998 to 2008 and D&G DOLCE & GABBANA eyewear from calendar year 1998 to 2008. (Vannucchi Depo., Ex. C, DG00579.)

The Dolce & Gabbana group allegedly opened its first retail store featuring the D&G DOLCE & GABBANA brand in New York in 1997. (Vannucchi Depo. 25:14-17.)⁹ There are currently seven D&G DOLCE & GABBANA retail stores in the United States.¹⁰ (Forte Depo. 96:4-9.) The Dolce & Gabbana group also sells its D&G DOLCE & GABBANA line at various third party retail stores in the United States. (Forte Depo. 89:20-100:19.)

The record contains annual wholesale sales of “ready-to-wear” clothing and other products under the D&G DOLCE & GABBANA line from 1998 to 2008. (See Vannucchi Depo. Ex. C, DG00579.). Annual U.S. wholesale sales of D&G DOLCE & GABBANA “ready-to-wear” clothing did not exceed € 20 million until fiscal year 2004, with the largest annual sales in the history of the brand, sales of € 33.2 million, occurring in fiscal year 2008. (Id.) Annual U.S. wholesale sales of D&G DOLCE & GABBANA branded eyewear [REDACTED]

[REDACTED]

[REDACTED] (Vannucchi Depo. Ex. B, DG00337.) [REDACTED]

[REDACTED] (Id.)

In addition to these figures, Gado submitted a copy of one magazine displaying a photograph of a model wearing clothing bearing the D&G DOLCE & GABBANA mark (NOR Exh. 39) and a copy of one magazine displaying a photograph of a model wearing clothing from the D&G DOLCE & GABBANA line, but not bearing the D&G DOLCE & GABBANA mark (NOR Exh. 37).

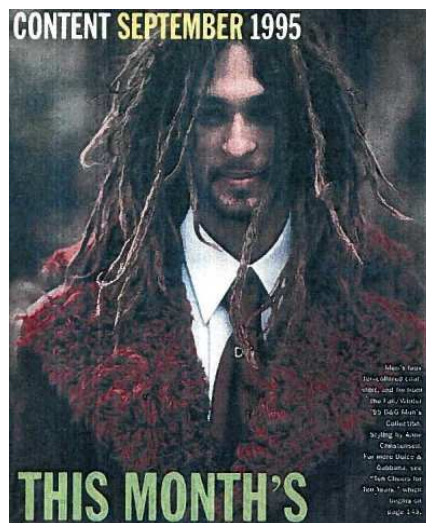
⁹ Mr. Vannucchi’s testimony regarding events that occurred prior to his employ with Gado lacks foundation and should be stricken. (See Jay-Y’s Evidentiary Objections.)

¹⁰ There is no information in the record as to the location of these stores.

Gado did not introduce a survey or any other publications that demonstrate consumer recognition of the D&G DOLCE & GABBANA mark. Gado also did not introduce a survey regarding the purported likelihood of dilution of its D&G DOLCE & GABBANA mark.

3. Evidence Of Use Of The DG Mark

Gado claims that its DG mark first appeared in the United States in a photograph of a model wearing a “DG” tie pin in a September 1995 issue of Interview Magazine.¹¹ (Pet. Brf. at 7; NOR Exh. 17.) A copy of the photograph is set forth below; the tie pin is not entirely visible:



Gado also cites usage of the “DG” mark on a purse in or around 1995-1996 but, as discussed above, it is not clear from the record whether this use was in the United States. (Pet. Brf. at 7.) The record does not contain any sales figures for products sold by the Dolce & Gabbana group in connection with solely the DG mark, nor does the record include any articles that show use of the DG mark as a trademark.¹²

¹¹ There is no evidence that the tie pin featured in the photograph was for sale in the United States or anywhere. (Forte Dep. 28:18-29:20.)

¹² The only use of “DG” in any exhibit appears in a publication describing a “a swinging gold pendant with the initials DG.” (NOR Exh. 69.) Such use of “DG” is not trademark use.

4. Evidence Of Use Of The D&G Mark

Gado claims that the date of first use of its D&G mark is no later than September 1995. In support of this date, Gado points to “editorial coverage” that “referred to the D&G DOLCE & GABBANA line as simply “D&G” “around that time.” (Pet. Brf. at 16.) The record, however, shows no evidence of sales of products bearing the “D&G” mark standing alone.

Gado also submitted 18 copies of articles that purportedly reference “D&G.” (NOR Exhs. 31, 55-58, 60-61, 64-65, 67-71, 73, and 75-76.) In each of these articles, however, the term “D&G” is used not to identify a brand separate from DOLCE & GABBANA or D&G DOLCE & GABBANA, but merely as the author’s abbreviation for the Dolce & Gabbana group or the DOLCE & GABBANA or D&G DOLCE & GABBANA brands. Only 2 of these articles pre-date Jay-Y’s first use of its DG mark. (See NOR Exhs. 55 and 58.)

ARGUMENT

IV. GADO’S PETITION FAILS AS TO ITS DOLCE & GABBANA MARK

Gado’s argument with regard to its DOLCE & GABBANA mark, the only mark that it used prior to Jay-Y adopting and using its DG marks, consists of an assertion that the mark is famous coupled with the claim that DOLCE & GABBANA is somehow confusingly similar to DG. Gado’s argument fails on both counts.

A. Gado Has Failed To Establish By Clear Evidence That Its DOLCE & GABBANA Mark is Famous.

It is well-established that the fame of a mark, if it exists, “plays a ‘dominant role’ in the process of balancing the *du Pont* factors.” *Recot Inc. v. Becton*, 214 F.3d 1322, 54 USPQ2d 1894, 1897 (Fed. Cir. 2000). Because of the extreme deference that is accorded to a famous mark in terms of the wide latitude of legal protection it receives, and the dominant role fame plays in the likelihood of confusion analysis, it is the duty of a party asserting that its mark is

famous to clearly prove it. *Coach Svcs. Inc. v. Triumph Learning LLC*, 96 USPQ2d 1600, 1606 (TTAB 2010). Gado has not done so.

1. Gado Has Not Presented Sufficient Evidence Of Sales And Advertising To Support Its Claim Of Fame

Fame, of course, may be measured indirectly by the volume of sales and advertising expenditures of the goods and services identified by the marks at issue. *Id.* In order to establish that a mark is famous, a mark owner must show significant commercial success in the relevant market. *See, e.g., Nestle Foods Corp. v. Kellogg Co.*, 6 USPQ2d 1145 (TTAB 1988) (finding TASTER'S CHOICE famous where sales under the mark amounted to 2.5 billion dollars from 1966 to 1983); *Autozone Parts Inc. v. Dent Zone Cos.*, Cancellation No. 92044502 (TTAB August 30, 2011) (finding AUTOZONE famous where sales under the mark amounted to 75 billion over 19 years and 6.5 billion in 2008 alone); *Eveready Battery Co. v. Green Planet, Inc.*, 91 USPQ2d 1511 (TTAB 2009) (finding SCHICK famous where sales under the mark amounted to 2 billion from 2001 to 2007). Advertising expenditures associated with the mark must likewise be substantial. *See, e.g., Nestle Foods Corp.*, 6 USPQ2d at 1147 (advertising expenditures of 500 million dollars from 1966 to 1983); *Autozone Parts Inc.*, Cancellation No. 92044502 (advertising expenditures of 750 million from 1987 to 2011); *Eveready Battery Co.*, 91 USPQ2d at 1517 (advertising expenditures of 300 million from 2001 to 2007).

a. Gado's Sales Of Goods Under The DOLCE & GABBANA Mark Are Insufficient To Support A Finding Of Fame

In contrast to the foregoing, Gado cites in its brief to just *three* years of sales figures (separated by a decade) to support the notion that the DOLCE & GABBANA mark is famous: it states that the DOLCE & GABBANA line had yearly ready-to-wear sales in the U.S. of just over € 9 million in fiscal year 1996-1997, over € 16 million in fiscal year 1997-1998 and over € 75

million in 2008. When compared to the billions of dollars of sales associated with the products sold in *Nestle*, *Autozone* and *Eveready Battery Co.*, these numbers are hardly sufficient to clearly establish the fame of the DOLCE & GABBANA mark.

Additionally, although Gado's brief purports that there has been a "steady upward climb" in sales of DOLCE & GABBANA products since fiscal year 1997-1998, the record paints a different picture. (Pet. Brf. at 6.) In reality, sales of "ready-to-wear" clothing under the DOLCE & GABBANA mark *decreased* by more than € 5 million between fiscal years 2003 and 2004, and *decreased* by more than € 2 million between fiscal years 2005 and 2006. (Exh. C, DG00579.) [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]¹³

**b. Gado's Advertising Of Goods Under The
DOLCE & GABBANA Mark Are Insufficient To
Support A Finding Of Fame**

With regard to its advertising, while Gado makes much of the fact that its advertisements have appeared in magazines that have been "purchased by more than 15,000,000 readers" (Pet. Brf. at 10), that figure is misleading in several respects. For example, for the five years preceding Jay-Y's first use of its DG mark (1989 to 1993), the record reflects copies of only nineteen (19) individual issues of publications that contain an advertisement, caption or article referencing DOLCE & GABBANA merchandise. (NOR Exhs. 23-35, 50, 52-55 and 58.) For

¹³ Discrepancies in the record call into question the accuracy of the numbers reflected in DG00579 ("Exhibit C"). [REDACTED]

the next thirteen (13) years (1994 to 2007), the record contains copies of only thirty-four (34) issues of publications that contain an advertisement, caption or article referencing DOLCE & GABBANA merchandise. (NOR Exhs. 36-48, 51, 56-57, 59-76.)

Moreover, even the few articles introduced by Gado reflect that there was a substantial overlap in readership. For example, eleven (11) of the advertisements/articles appeared in Vogue magazine,¹⁴ five (5) appeared in Women's Wear Daily,¹⁵ three (3) appeared in Harper's Bazaar,¹⁶ and three (3) appeared in GQ.¹⁷

These handful of photographs, articles and advertisements over 18 years does not suggest that consumers were widely exposed to the DOLCE & GABBANA mark, or that they had any familiarity with it. *Volkswagenwerk Aktiengesellschaft v. Ridewell Corp.*, 201 USPQ 410 (TTAB 1979) (advertisement submitted with notice of reliance only showed that advertisement appeared on that date in that journal and does not show customer familiarity with marks nor actual sales); *Wagner Electric Corp. v. Raygo Wagner, Inc.*, 192 USPQ 33, 36 n.10 (TTAB 1976) (advertisements were only probative of fact that opposer advertised its goods under the mark the publications on those dates); *Otis Elevator Co. v. Echlin Manufacturing Co.*, 187 USPQ 310, 312 n.4 (TTAB 1975) (magazine article showed only that the goods under the mark were the subject of the article in that publication); *Cf. AutoZone Parts Inc.*, Cancellation No. 92044502 (finding AUTOZONE famous where television advertising concerning the mark reaches ninety percent of the population forty times per year and radio advertising concerning the

¹⁴ (NOR Exhs. 30, 31, 32, 34, 40, 41, 42, 43, 44, 45, 66.)

¹⁵ (NOR 68, 69, 70, 74, 75.)

¹⁶ (NOR Exhs. 24, 26, 67.)

¹⁷ (NOR Exhs. 25, 27, 29)

mark reaches ninety-five percent of the population one hundred times a year). Gado's scant evidence of advertising is insufficient to support its claim of fame.

**c. Gado Has Provided No Context For Its Sales
And Advertising Activities**

Raw numbers of product sales and advertising expenses alone may be misleading. *Bose Corp. v. QSC Audio Products Inc.*, 63 USPQ2d 1303, 1309 (Fed. Cir. 2002). The context surrounding the raw statistics may be necessary, *e.g.* the substantiality of the sales or advertising figures as compared to those providing comparable products or services. *Id.* A tiny percentage of the market share for the product or a small share of advertising revenues for the product market undermines the weight given to sales and advertising figures. *Id.*

Gado has failed to provide any context for the numbers it has introduced. Nowhere in Gado's brief or in the record is there a reference to the size of the apparel market in the United States or how much advertising is done by participants in that market. Neither Gado's brief nor the record contain evidence of the sales of products by Gado's competitors in the United States, nor their advertising expenditures in the United States, or how Gado's figures compare. Nor is there any evidence of the number of items sold by Gado in the United States during the relevant time period, nor is there a reference to the price points for each of the products sold in connection with the DOLCE & GABBANA mark.¹⁸

Here, unlike in *Bose*, Gado's failure to provide sales figures or advertising expenditures of its competitors cannot be excused. In *Bose*, the Board was able to give meaning to the sales figures provided, as the record contained the number of units sold. *See Bose Corp.*, 63 USPQ2d at 1306. The record here contains no such information. Additionally, unlike in *Bose*, the record

¹⁸ Ms. Forte testified that the price per eyewear can range from \$295 to \$400, but may be as high as \$900 or \$1000. (Forte Depo. 106:20-107:5.) She did not, however, testify as to the actual number of units sold under these price points in the United States.

here does not show that DOLCE & GABBANA branded products have received extensive critical acclaim, nor that consumers are frequently reminded of the acclaim of the DOLCE & GABBANA line through direct advertising referring to such acclaim. *Id.* at 1307 (ACOUSTIC WAVE and WAVE marks famous where the “record was replete with product reviews” in both the daily press in major cities and in a wide variety of magazines and where “the critical attention focused on the ACOUSTIC WAVE device was nationwide”).

2. **Gado Has Not Presented Evidence That A Substantial Portion Of The Public Has Been Exposed To Its DOLCE & GABBANA Mark**

In combination with sales and advertising figures, fame can be demonstrated based on the breadth of people exposed to the marks. *See, e.g., AutoZone Parts Inc.*, Cancellation No. 92044502 (finding AUTOZONE famous where owner operates 4,050 AUTOZONE autoparts stores throughout the United States and Puerto Rico and where such stores receive approximately 6 million customers per week); *Coach Svcs. Inc.*, 96 USPQ2d at 1606 (finding COACH famous where COACH products were sold in approximately 400 COACH retail stores throughout all fifty states and sold by approximately 1,000 third party retailers).

In contrast, Gado currently operates five DOLCE & GABBANA-branded retail stores in the United States, up from none in 1993 and one in 1997. (Forte Depo. 96:4-9; Vannucchi Depo. 25:10-16.) And while in 2002, Gado sold its DOLCE & GABBANA branded “ready-to-wear” line in 35 department stores and its eyewear in several hundred,¹⁹ there is no evidence regarding where its products are sold today or where they were sold in 1993.

¹⁹ Ms. Forte testified that when she started with the Dolce & Gabbana group 20 Neiman Marcus stores and 15 Saks Fifth Avenue stores sold the DOLCE & GABBANA clothing line. She referred to other stores, including small boutiques, that carried the line, but did not provide the number of stores or the years in which they sold the merchandise. (Forte Depo. 96:20-98:23.)

3. Gado's DOLCE & GABBANA Mark Has Not Enjoyed Commercial Success For Long Enough To Be Famous

Finally, courts and the Board consider the length of time of the commercial success of the branded product when determining fame. *Bose Corp.*, 63 USPQ2d at 1309; *see Anheuser Busch, Inc. v. Major Mud & Chemical Co.*, 221 USPQ 1191 (TTAB 1984) (finding BUDWEISER famous where the mark had been in use for 100 years and generated 9 billion dollars of revenue from 1975-1981 alone); *Giant Food, Inc. v. Nation's Foodservice, Inc.*, 710 F.2d 1565, 1567-8 (Fed. Cir. 1983) (finding GIANT FOOD famous where the mark had been in use for 45 years and generated 1 billion dollars of sales in one year).

The record contains only 12 years of sales of DOLCE & GABBANA “ready-to-wear” clothing and only 12 years of sales of DOLCE & GABBANA branded eyewear in the United States.²⁰ Moreover, in fiscal year 1997, the first year of sales provided for clothing, sales of DOLCE & GABBANA “ready-to-wear” clothing reached only just over € 9 million. (Vannucchi Depo. Ex. C, DG00579.) It was not until fiscal year 2003, that annual sales of such clothing reached over € 50 million. (*Id.*) Additionally, in calendar year 1997, sales of DOLCE & GABBANA branded eyewear were [REDACTED]; in 2008, annual sales were [REDACTED] (*Id.*)

This is hardly the type of long-standing “substantial” sales necessary to establish the fame of the DOLCE & GABBANA mark.

B. Even If The DOLCE & GABBANA Mark Was Famous, DOLCE & GABBANA And DG Are Not Confusingly Similar.

Fame alone is not sufficient to establish a likelihood of confusion. “If that were the case, having a famous mark would entitle the owner to a right in gross, and that is against the

²⁰ Exhibit C contains no evidence of sales of DOLCE & GABBANA “ready-to-wear” clothing in the United States for the fiscal years 1994, 1995 or 1996.

principles of trademark law.” *Coach Svcs. Inc.*, 96 USPQ2d at 1607 (citing *University of Notre Dame du Lac v. J.C. Gourmet Imports Co., Inc.*, 703 F.2d 1372, 217 USPQ 505, 507 (Fed. Cir. 1983); *see also Recot Inc.*, 214 F.3d 1322 (“fame alone cannot overwhelm the other *du Pont* factors as a matter of law.”)).

As an initial matter, it is obvious that the DG and DOLCE & GABBANA marks are dissimilar in every respect. They do not sound the same, look the same, and their commercial impression is wholly different. *See e.g., Champagne Louis Roederer, S.A. v. Delicato Vineyards*, 148 F.3d 1373, 47 USPQ2d 1459 (Fed. Cir. 1998) (affirming Board dismissal of opposition based on dissimilarity of the marks CRISTAL and CRYSTAL CREEK); *Keebler Co. v. Murray Bakery Products*, 866 F.2d 1386, 9 USPQ2d 1736 (Fed. Cir. 1989) (affirming Board dismissal of opposition based on dissimilarity of the marks PECAN SANDIES and PECAN SHORTEES).

Recognizing the dissimilarity of the marks, Gado asserts that there is a likelihood of confusion between its DOLCE & GABBANA mark and Jay-Y’s DG mark because allegedly, designers often use their initials in connection with their clothing lines. (Pet. Brf. at 24.) This argument is misplaced for two reasons. First, the record contains no admissible evidence as to whether it was common for designers to use their initials in connection with the sale of clothing in the United States at the time that Jay-Y adopted its DG mark. (Pet. Brf. at 25.)²¹ Second, even if it were common practice for a designer to use his or her initials at the time that Jay-Y adopted its DG mark, Gado has only suggested that it is common place for one designer to use the first letter of his or her first name and the first letter of his or her last name to identify a brand. (*See* Forte Depo. 151:21-156:5 (e.g. GA for Giorgio Armani, CC for Coco Channel, CK

²¹ The testimony of Ms. Forte, upon which this entire argument is predicated, is plainly inadmissible as hearsay. (Forte Depo. 60:21-66:13.) Jay-Y has objected to this evidence in its Evidentiary Objections.

for Calvin Klein). Gado has not offered any evidence to suggest that it is industry practice for two designers to identify their clothing line by the combination of the first letter of their two last names, and to remove any indication of their separate identity (*e.g.*, “&”).

Moreover, Gado’s argument is impermissibly circular. It asserts that, because Gado decided to adopt the DG mark in connection with its products *after* Jay-Y commenced use, that means that Jay-Y’s previously adopted and used mark itself is similar to DOLCE & GABBANA. (Pet. Brf. at 25.) Under that logic, virtually anytime a junior user adopts a secondary mark it could “tack” use of its primary mark simply by asserting that the marks are related in some fashion. There is no support in the law for such an extension of trademark protection.

V. GADO’S PETITION FAILS AS TO ITS ALLEGED “D&G DOLCE & GABBANA”, “D&G” AND “DG” MARKS

A petitioner seeking to cancel a federal registration on the grounds of §2(d) of the Lanham Act must prove both priority of use and a likelihood of confusion between the petitioner’s and respondent’s marks. 15 U.S.C. §1052. The facts clearly demonstrate that Jay-Y’s first use of DG precedes Gado’s first use of D&G DOLCE & GABBANA, D&G and DG in the United States, and as such, Jay-Y has chronological priority. Viewed generously, the evidence shows that Gado did not use its “D&G DOLCE & GABBANA”, “D&G” and “DG” marks until at least *two* years after Jay-Y first used its DG marks.

Not to be dissuaded by the facts, Gado argues that the purported recent fame of the “D&G DOLCE & GABBANA”, “D&G” and “DG” marks defeats Jay-Y’s priority. There is, of course, no legal precedent for such a radical proposition. Moreover, Gado’s D&G DOLCE & GABBANA mark is not famous, and even if it were famous, it is not confusingly similar to Jay-Y’s DG mark. Finally, neither Gado’s DG nor D&G marks can be considered famous based on the record presented by Gado.

A. Jay-Y Has Priority As To Gado's Alleged "D&G DOLCE & GABBANA", "D&G" And "DG" Marks

Contrary to Gado's assertion (Pet. Brf. at 15), Jay-Y's first use of DG precedes Gado's first use of D&G DOLCE & GABBANA, D&G and DG in the United States, and as such, Jay-Y has priority. As an initial matter, Gado asserts that the date of first use for the Jay-Y marks should be December 1, 1999, the date set forth in Jay-Y's applications to register the marks. (Pet. Brf. at 16.) As recognized by the Board in granting Jay-Y's motion to amend to assert its counterclaim against Registration No. 3,108,433, the law is clear that Jay-Y is not bound by the dates of first use alleged in its registrations. In fact, if proved, reliance on an earlier first use date is specifically contemplated by the Board. *See Elder MFG. Co.*, 92 USPQ at 332 (Applicant is not bound by the date of first use alleged in his application for registration and is subsequently permitted to show an earlier date by clear and convincing evidence); *Hydro-Dynamics, Inc.*, 1 USPQ2d at 1773-74 (Applicant permitted to prove a date earlier than the date alleged in its application by proper evidence, and is not bound by date of first use in application). As discussed above, Jay-Y has more than satisfied its burden of proving its actual first use of its DG marks.²²

The rule of priority is that ownership of the mark goes to the party who was the first to make *bona fide* use of the mark in commerce. Use of the mark may be based upon a single sale or shipment in trade when followed by continuous commercial utilization. *Blue Bell, Inc. v. Farah Mfg. Co.*, 508 F.2d 1260, 1265 (5th Cir. 1975); *Allard Enterprises Inc. v. Advanced*

²² Gado questions whether, in fact, the models sold by Jay-Y under the DG marks included the specific designs that are the subject of the two registrations at issue. The evidence clearly establishes that Jay-Y's first use of the mark shown in Registration No. 2,582,314 is December 16, 1993 (*see* Exh. 101 and 135) and the mark shown in Registration No. 2,663,337 is at least as early as April 27, 1995 (*see* Exh. 141, pgs. JAY-Y00394-395, JAY-Y00397, and Exh. 110).

Programming Resources Inc., 146 F.3d 350 (6th Cir. 1998); *Planetary Motion v. Techsplosion*, 2000 WL 34015863 at *12 (S.D. Fla. 2000).

Jay-Y first sold sunglasses in connection with the DG mark in 1993, and has continuously and increasingly sold sunglasses in connection with the mark since then. As discussed above, in 1993, Jay-Y sold 336 pairs of sunglasses under the DG marks, in 1994, it sold 11,460 pairs, and by 1998, it had sold a total of 291,186 pairs of sunglasses under the DG marks. Such sales volume is far from the “small, sporadic, and inconsequential” sales considered not to constitute a *bona fide* first use. *Sweetarts v. Sunline, Inc.*, 380 F.2d 923, 929 (8th Cir. 1967).²³

On the other hand, Gado claims that it first used the “D&G DOLCE & GABBANA”, “D&G” and “DG” marks in September 1995, when the marks appeared in the September 1995 issue of Interview Magazine.²⁴ Appearance of a mark in a magazine does not constitute *bona fide* trademark use. *Wagner Electric Corp.* 192 USPQ at 36 n.10 (advertisements were only probative of fact that opposer advertised its goods under the mark the publications on those dates); *Otis Elevator Co.*, 187 USPQ at 312 n.4 (magazine article showed only that the goods under the mark were the subject of the article in that publication). Even assuming that the appearance of a mark in an issue of a magazine constitutes *bona fide* use of the mark in

²³ To determine common law rights, “[t]he talismanic test is whether the mark was used in a way sufficiently public to identify or distinguish the marked goods in an appropriate segment of the public mind as those of the adopter of the mark.” *Int’l Healthcare Exch., Inc. v. Global Healthcare Exch., LLC*, 470 F. Supp. 2d 365, 371 (S.D.N.Y. 2007) (citations omitted). This use must be “deliberate and continuous, not sporadic, casual, or transitory.” *La Societe Anonyme des Parfums le Galion v. Jean Patou, Inc.*, 495 F.2d 1265, 1271-72, 181 USPQ 545 (2nd Cir. 1974). It is plain that Jay-Y’s use of its DG marks was deliberate and continuous.

²⁴ The sales figures submitted by Gado, however, do not show sales of D&G DOLCE & GABBANA branded products until fiscal year 1997. (Vannucchi Depo. Exh. C, DG00579.) The record does not contain any sales figures for goods purportedly sold under Gado’s “DG” and “D&G” marks.

commerce, which it does not, Gado admits that it did not use its “D&G DOLCE & GABBANA”, “D&G” and “DG” marks until two years *after* Jay-Y first sold its DG sunglasses in the United States. (Pet. Brf. at 13-16.)

1. Jay-Y’s Sale of Sunglasses to Wholesalers Does Not Defeat Priority

In an oddly misplaced argument,²⁵ Gado argues that Jay-Y’s sales of sunglasses to wholesalers defeats priority. (Pet. Brf. at 16-17.) To the contrary, the Board has found that the sale and shipment of products bearing a trademark to one’s distributor is clearly sufficient to establish trademark rights. *Raintree Publishers, Inc. v. Brewer*, 218 USPQ 272, 274 (TTAB 1983) (rejecting respondent’s argument that the petitioner’s first sales to its distributor rather than an ultimate purchaser did not constitute public use of the mark).

2. There Is No Legal Precedent For The Notion That The Alleged After-Acquired Fame Of A Junior User’s Mark Eliminates A Senior User’s Rights

Gado attempts to avoid the repercussions of Jay-Y’s priority by arguing that the “balance of the equities,” namely the subsequent alleged fame of its “D&G DOLCE & GABBANA”, “D&G” and “DG” marks, erases Jay-Y’s prior rights to Jay-Y’s DG marks. (Pet. Brf. at 14 (citing *Chandon Champagne Corp. v. San Marino Wine Corp.*, 335 F.2d 531, 543 (2d Cir. 1964)). This argument, however, fails for three reasons. First, there is no legal precedent for such a proposition. Second, Gado’s D&G DOLCE & GABBANA is not famous, and even if it were famous, it is not confusingly similar to Jay-Y’s DG mark. Third, Gado’s “DG” and “D&G” marks are not famous.

²⁵ Interestingly, Gado relies on sales of its products to wholesalers in the United States to establish the fame of the DOLCE & GABBANA and D&G DOLCE & GABBANA marks. (See Vannucchi Depo. 135:20-136:12.)

Gado cites to *Chandon Champagne* for the bold proposition that priority is not applied in the calendar sense, but instead according to a “balance of the equities.” (Pet. Brf. at 14.) The proposition espoused by the *Chandon Champagne* court has been rarely applied case, and even then in circumstances readily distinguishable from the facts underlying this proceeding.

Chandon Champagne involved plaintiffs seeking an equitable remedy, namely an injunction to stop the use of the mark “Pierre Perignon” in connection with champagne. *Chandon Champagne Corp. v. San Merino Wine Corp.*, 335 F.2d 531 (2d. Cir. 1964). Plaintiffs first used the mark “Dom Perignon” in 1936, but sales were “exceedingly small,” amounting to only a few hundred cases of champagne in three years. *Id.* at 533. Following these initial sales, however, plaintiffs did not use the mark for nine years. *Id.* During the plaintiffs’ period of non-use, the defendant began and continued to use the mark “Pierre Perignon” in connection with its champagne. *Id.* at 535. In denying the injunction, the court viewed “the rather sterile nature of plaintiffs’ three-year priority due to their exceedingly limited sales in this country” as an equitable factor tipping the scales in favor of the defendant. *Id.* at 536.

Unlike the plaintiffs in *Chandon Champagne*, Jay-Y has continuously used its DG mark in connection with sunglasses since it first used the mark in 1993. In fact, as the evidence demonstrates, Jay-Y’s sales steadily and significantly increased from 1993 through 1998, and Jay-Y continues to sell sunglasses under its DG marks. Also unlike *Chandon Champagne*, there has never been a lapse in Jay-Y’s use of its marks. Second, unlike the plaintiffs’ sales in *Chandon Champagne*, Jay-Y’s sales were not “exceedingly small” prior to the entry of Gado as the junior user. Indeed, Jay-Y sold nearly 12,000 sunglasses during the two-year period before Gado’s entry into the market. (See T. Chen Depo. Exh. 134-135, 137-138.) Such sales are hardly “exceedingly small,” and have continuously increased. *Planetary Motion*, 2000 WL

34015863 at *12 (“among the factors courts will consider in evaluating a common law claim of priority, the continuity of the first user’s use of the mark is often of paramount importance”); *Silverman v. CBS Inc.*, 632 F. Supp. 1344, 1357 (S.D.N.Y. 1986) (“cornerstone for protection of an unregistered, common law trademark is its continued use”); *cf.*, *La Societe Anonyme des Parfums Le Galion v. Jean Patou, Inc.*, 495 F.2d at 1271-72 (defendant engaged in defensive use and registration of the mark, making a total of 89 sales in 20 years for a total profit of \$100); *Universal Technologies, Inc. v. Jillson & Roberts, Inc.*, 1997 TTAB LEXIS 163 (TTAB 1997) (denying cancellation based upon petitioner’s nominal and sporadic sales and failure to demonstrate it had the capacity to engage in the trade for such goods).

Moreover, even if the “balance of the equities” should be considered by the Board, they support a denial of Gado’s Petition to Cancel. Gado’s position is that because its “D&G DOLCE & GABBANA,” “D&G” and “DG” marks are *now* famous, even though the marks were first used two years after Jay-Y first used its DG mark, their fame should erase Jay-Y’s prior rights. Such a proposition is entirely inconsistent with the purpose of trademark law. As the Supreme Court has noted,

...where the owner of a trademark has spent energy, time, and money in presenting to the public the product, he is protected in his investment from its misappropriation by pirates and cheat.

Two Pesos, Inc. v. Taco Cabana, Inc., 505 U.S. 763, 782, n.15, 112 S. Ct. 2753, 23 USPQ2d 1081 (1992) (Stevens, concurring) (citing S. Rep. No. 133, 79th Cong., 2d., 3 (1946)). The Board should not award Gado’s pirate-like behavior.

In light of the foregoing, Gado has failed to establish that its “D&G DOLCE & GABBANA,” “D&G” and “DG” marks have priority, and accordingly, Gado’s Petition to Cancel based on its alleged rights to the “D&G DOLCE & GABBANA,” “D&G” and “DG” marks should fail.

B. Gado Has Not Shown That Jay-Y's DG Marks Are Confusingly Similar To D&G DOLCE & GABBANA

1. Even If Subsequent Fame Could Defeat Chronological Priority, Gado Has Failed To Establish By Clear Evidence That Its D&G DOLCE & GABBANA Mark Is Famous

a. Gado's Sales And Advertising Of Goods Under The D&G DOLCE & GABBANA Mark Are Insufficient To Support A Finding Of Fame

In support of its argument that the D&G DOLCE & GABBANA mark is famous, Gado confusingly cites in its brief to several years of sales figures: “ready-to-wear sales” in the U.S. in excess of € 7 million in fiscal years 1997-1998 and 1998-1999, € 24 million in 2005, and € 33 million in 2008, and eyewear and accessories sales of € 37 million in 2007. (Pet. Brf. at 7, 22.) These numbers are hardly sufficient to clearly establish the fame of the D&G DOLCE & GABBANA mark. *Cf. Nestle Foods Corp.*, 6 USPQ2d 1145 (finding TASTER’S CHOICE famous where sales under the mark amounted to 2.5 billion dollars from 1966 to 1983); *Autozone Parts Inc.*, Cancellation No. 92044502 (finding AUTOZONE famous where sales under the mark amounted to 75 billion over 19 years and 6.5 billion in 2008 alone); *Eveready Battery Co.*, 91 USPQ2d 1511 (finding SCHICK famous where sales under the mark amounted to 2 billion from 2001 to 2007).

Additionally, despite Gado’s claim that there was a “steady climb” in sales of D&G DOLCE & GABBANA branded products , the record shows that sales of the product have been inconsistent. (See Vannucchi Depo. Exh. C, DG00579.) For example, sales of “ready-to-wear” clothing *decreased* by € 6 million in fiscal year 2004, and *decreased* by € 6 million in 2007.

(Id.)

[REDACTED]

[REDACTED] (Id.)

Moreover, as with the sales and advertising figures submitted by Gado to establish the fame of the DOLCE & GABBANA mark, Gado has provided no context for the numbers, nor evidence that the sales figures reflect actual retail sales of D&G DOLCE & GABBANA branded products in the United States.²⁶

With regard to advertising, Gado has directed the Board to a single magazine issue in 1995 (NOR Exh. 17), two other advertisements (NOR Exh. 37 and 39), and very inconsistent advertising numbers (while Gado spent over € 5 million on “investment” in 2009, that figure was down from over € 12 million in 2008) (Vannucchi Depo. Exh. E, DG00577).

In light of the foregoing, Gado has not demonstrated by clear evidence that the sales figures derived from D&G DOLCE & GABBANA branded products rise to a sufficiently substantial level such that the mark can be deemed famous.

b. Gado Has Not Presented Evidence That A Substantial Portion Of The Public Has Been Exposed To Its D&G DOLCE & GABBANA Mark

Gado has also failed to establish that consumers have been widely exposed to the D&G DOLCE & GABBANA brand in the United States since its inception. Gado currently has seven (7) D&G DOLCE & GABBANA retail stores in the United States.²⁷ (Forte Depo. 96:4-9.) As of 1997, there apparently was only one D&G DOLCE & GABBANA retail store in the United States, located in New York, New York. (Vannucchi Depo. 25:14-17.)

²⁶ Gado’s failure to provide sales figures or advertising expenditures of its competitors cannot be excused. The record here does not show that D&G DOLCE & GABBANA branded products have received extensive critical acclaim, nor that consumers are frequently reminded of the acclaim of the D&G DOLCE & GABBANA line through direct advertising referring to such acclaim.

²⁷ There is no information in the record as to the location of these stores.

Currently, Gado sells its D&G DOLCE & GABBANA line at various third party retail stores in the United States. (Forte Depo. 89:20-100:19.) The record does not contain any evidence as to the number of third-party retail stores that have sold or sell the D&G DOLCE & GABBANA line.

Such a dearth of evidence concerning the number of stores that sell D&G DOLCE & GABBANA products in the United States does not support a finding that consumers are widely exposed to the D&G DOLCE & GABBANA product line. *Cf. Coach Svcs.*, 96 USPQ2d at 1606 (finding COACH famous where COACH products were sold in approximately 400 COACH retail stores throughout all fifty states and sold by approximately 1,000 third party retailers); *Autozone Parts Inc.*, Cancellation No. 92044502 (finding AUTOZONE famous where there were approximately 4,050 AUTOZONE stores throughout the United States and Puerto Rico and where the stores received approximately 6 million customers per week).

c. **Gado's D&G DOLCE & GABBANA Mark Has Not Enjoyed Commercial Success For Long Enough To Be Famous**

The record contains only 10 years of sales figures for D&G DOLCE & GABBANA “ready-to-wear” clothing and D&G DOLCE & GABBANA branded eyewear in the United States. (See Vannucchi Depo. Ex. C, DG00579.) The largest annual sales for ready-to-wear clothing in the history of the brand was € 33.2 million in fiscal year 2008. (Id.) Total sales since inception for the D&G DOLCE & GABBANA ready-to-wear clothing line amount to € 203 million. (Id.) [REDACTED]

[REDACTED] (See Vannucchi Depo. Ex. B, DG00337.) [REDACTED]
[REDACTED] (Id.)

Such a short duration of sales does not establish that the D&G DOLCE & GABBANA mark has achieved the requisite fame. *Cf. Anheuser Busch, Inc.*, 221 USPQ 1191 (finding BUDWEISER

famous where the mark had been in use for 100 years and generated 9 billion dollars of revenue from 1975-1981 alone); *Giant Food, Inc.*, 710 F.2d at 1567-8 (finding GIANT FOOD famous where the mark had been in use for 45 years and generated 1 billion dollars of sales in one year).

2. Even If The D&G DOLCE & GABBANA Mark Was Famous, D&G DOLCE & GABBANA and DG Are Not Confusingly Similar

As explained above, fame alone is not sufficient to establish a likelihood of confusion. *Coach Svcs., Inc.*, 96 USPQ2d at 1607. In *Coach Svcs.*, the Board found that although the opposer had established the fame of the COACH mark for handbags, fashions, and accessories, opposer's COACH mark was not confusingly similar to the applicant's identical COACH mark for "educational materials for preparing for standardized tests." *Id.*

Here, the DG and D&G DOLCE & GABBANA marks are dissimilar in sight, sound and commercial impression. Gado's mark contains two letters, "DG". Gado's mark contains four separate elements: "D&G" "DOLCE" "&" "GABBANA". Moreover, as explained above, the dominant element of Gado's mark, namely "DOLCE & GABBANA," is wholly distinct from "DG." As a consequence, the marks are not confusingly similar.

C. Gado Has Not Shown That Its DG and D&G Marks Have Priority Over Jay-Y's DG Marks

1. Even if Subsequent Fame Could Defeat Chronological Priority, Gado Has Failed To Establish By Clear Evidence That Its D&G And DG Marks Are Famous

As indicated above, in determining whether a mark is famous, courts and the Board give great weight to the volume of sales and advertising figures of the goods and services identified by the marks at issue. In fact, where a party claiming that its mark is famous has submitted little to no such figures, the Board has failed to find that party's mark famous. *See Leading Jewelers Guild Inc. v. LJOW Holdings LLC*, 82 USPQ2d 1901, 1904 (TTAB 2007) (finding that plaintiff

had failed to establish the fame of its mark where it submitted no sales information and only 1 year of advertising figures). Here, where Gado has failed to attribute any of its sales or advertising figures to sales of “DG” and “D&G” branded products, Gado has not met its burden in demonstrating by clear evidence that its “DG” and “D&G” marks are famous.

In its brief, Gado appears to argue that its “DG” and “D&G” marks are famous because they are included as accents and on accessories for the DOLCE & GABBANA and D&G DOLCE & GABBANA lines.²⁸ (Pet. Brf. at 7.) The record, however, does not indicate which type of DOLCE & GABBANA and D&G DOLCE & GABBANA branded products bear the “DG” and “D&G” marks, the number of such products sold in the United States, the revenue derived from the sale of such products, nor the advertising figures attributable to the promotion of “DG” and “D&G” branded products.²⁹ In fact, Gado admits that it does not have any evidence as to the percentage of eyewear sold in the United States that bears the “DG” mark. (See Vannucchi Depo. 135:10-15.)

Without any evidence of sales or advertising figures directly attributable to “DG” and “D&G” branded products, Gado certainly has not met its burden of establishing by clear evidence that its alleged “DG” and “D&G” marks are famous.

VI. THE ALLEGED BAD ACTS BY JAY-Y ARE IRRELEVANT AND INADMISSIBLE

Gado asserts that the refusals of U.S. Trademark Application Nos. 76/106,466 and 76/122,651 based on existing registered marks are probative of Jay-Y’s “bad faith business

²⁸ Gado’s brief claims that the “D&G” mark was “prominently featured” in Dolce & Gabbana’s early New York shows for the “D&G Dolce & Gabbana” line. (Pet. Brf. at 7.) The record, however, only refers to one purse that displayed “DG” in a show in 1996, three years after Jay-Y commenced use of its DG mark.

²⁹ In fact, Gado’s brief does not even contain a section on the alleged fame of the D&G mark.

model,” and therefore demonstrates a likelihood of confusion between the Jay-Y DG marks and Gado’s DOLCE & GABBANA, D&G DOLCE & GABBANA, D&G and DG marks. (Pet. Brf. at 32-33.) This evidence, however, is inadmissible and irrelevant.

Federal Rules of Evidence 404(b) states that “evidence of other crimes, wrongs, or acts is not admissible to prove the character of a person in order to show action in conformity therewith” but may be admissible to show intent. Fed. R. Evid. 404(b). Here, the mere fact that two applications filed by Jay-Y were refused by the U.S. Patent and Trademark Office does not demonstrate Jay-Y’s bad faith intent in seeking to register those marks, much less that a bad faith intent that pervades all of the marks Jay-Y has adopted, used and registered. Indeed, an Office Action citing Gado’s registrations for the DOLCE & GABBANA, D&G DOLCE & GABBANA, D&G marks would have been expected if Jay-Y’s conducted a business model in bad faith. Both of Jay-Y’s applications for its DG marks, however, proceeded to registration without the issuance of any Office Action by the U.S. Patent and Trademark Office.

Further, Gado does not point to any case law supporting the admissibility of a previously rejected, un-related application to show bad faith intent in adopting a different mark or filing an application to register that mark. Instead, “mere assertions and accusations ... of intellectual property right infringement do not establish a trade practice of intentional copying and are therefore irrelevant.” *The Mainstreet Collection, Inc. v Kirkland’s Inc.*, 270 F.R.D. 238, 242 (E.D.N.C. 2010). Moreover, evidence of previously rejected applications to register a mark has only been considered when a party seeks to cancel a mark on the ground of fraud. *See Tucillo v. Geisha NYC, LLC*, 635 F. Supp. 2d 227, 236 (E.D.N.Y. 2009) (considering plaintiff’s prior attempts to register virtually identical marks to those already in use to further discredit plaintiff’s “completely incredible” and “simply absurd” explanations regarding statements made to the

USPTO in connection with the application at issue). Gado does not allege that prior claims of infringement against Jay-Y demonstrate bad faith nor does Gado assert that Jay-Y's registrations were obtained fraudulently. As such, evidence of the two previously rejected, un-related applications is irrelevant to Gado's petition to cancel.



VII. GADO HAS NOT PROVEN ITS DILUTION CLAIM

Gado contends that Jay-Y's marks will dilute Gado's famous DOLCE & GABBANA, D&G DOLCE & GABBANA, D&G and DG marks under the Trademark Dilution Revision Act of 2006 ("TDRA"), Trademark Act § 43(c), 15 U.S.C. § 1125(c), by blurring its distinctiveness. (Pet. Brf. 38-41.) Dilution by blurring is an "association arising from the similarity between a mark or trade name and a famous mark that impairs the distinctiveness of the famous mark," 15 U.S.C. § 1125(c)(2)(B), and may be found "regardless of the presence or absence of actual or likely confusion, of competition, or of actual economic injury," 15 U.S.C. § 1125(c)(1).

In order to establish a claim for dilution of a famous mark, a petitioner must establish: (1) its mark is famous, (2) its mark was famous prior to the date of the application to register the registrant's mark, and (3) whether the applicant's mark is likely to blur the distinctiveness of the opposer's famous mark. *Coach Svcs. Corp.*, 96 USPQ2d at 1610.

Here, Gado can prove none of the above. Accordingly, Gado's petition to cancel Jay-Y's registrations under Section 43(c) of the Trademark Act fails.

A. Gado Has Failed To Prove That Any of Its Marks Were Famous At the Time That Jay-Y First Used Its DG Marks

Jay-Y's date of first use of its  mark is December 17, 1993. Jay-Y's date of first use for its  mark is April 27, 1995. None of Gado's DOLCE & GABBANA, D&G DOLCE & GABBANA, D&G and DG marks were famous at the time that Jay-Y filed the applications for its DG marks.

1. Standard Of Fame For Dilution

Fame for likelihood of confusion and dilution is not the same. *Coach Svcs. Inc.*, 96 USPQ2d at 1610. Fame for dilution requires a more stringent showing. *Id.* (citing *Palm Bay Imports Inc. v. Veuve Cliquot Ponsardin Maison Fondée En 1772*, 73 USPQ2d 1689, 1694 (Fed. Cir. 2005)). Likelihood of confusion fame “varies along a spectrum from very strong to very weak” while dilution fame is an either/or proposition - it either exists or it does not exist. *Id.* A mark, therefore, may have acquired sufficient public recognition and renown to be famous for purposes of likelihood of confusion without meeting the more stringent requirement for dilution fame. *Id.*

Fame for dilution is difficult to prove. *Id.* (quoting *Toro Co. v. ToroHead Inc.*, 61 USPQ2d 1164, 1180 (TTAB 2001)). In order to prevail on the ground of dilution, the owner of a mark alleged to be famous must show a change has occurred in the public’s perception of the term such that it is now primarily associated with the owner of the mark, even when it is considered outside of the context of the owner’s goods or services. *Id.* at 1181. In other words, “the transformation of a term into a truly famous mark means that the mark must be a household name.” *Coach Svcs. Inc.*, 96 USPQ2d at 1611. Moreover, any doubt with regard to the fame of a party’s mark will not be resolved in favor of the party asserting that its mark has been diluted. *Toro*, 61 USPQ2d at 1174.

In determining whether a mark possesses the requisite degree of recognition, the Board may consider all relevant factors, including the following:

- (i) The duration, extent, and geographic reach of advertising and publicity of the mark, whether advertised or publicized by the owner or third parties;
- (ii) The amount, volume, and geographic extent of sales of goods or services offered under the mark;
- (iii) The extent of actual recognition of the mark; and

(iv) Whether the mark was registered under the Act of March 3, 1881, or the Act of February 20, 1905, or on the principal register.

15 U.S.C. §1125(c)(2)(A). Perhaps the most significant of the four elements set forth in the Act to determine fame is the extent of actual public recognition of the mark as a source-indicator for the goods or services in connection with which it is used. *Nike Inc. v. Maher*, 100 USPQ2d 1018, 1025 (TTAB 2011); *see 7-Eleven Inc. v. Wechsler*, 83 USPQ2d 1715 (TTAB 2007) (finding BIG GULP famous “particularly in light of references identifying [the] mark as symbol of American culture” and where market research study shows 73 percent unaided awareness among all consumers, including those who do not use opposer's convenience store services”); *National Pork Board v. Supreme Lobster and Seafood Co.*, 96 USPQ2d 1479 (TTAB 2010) (finding THE OTHER WHITE MEAT FAMOUS based on “awareness rates at eighty to eighty-five percent of the general adult population and rates of correct source recognition at nearly seventy percent of the population”). Sales and advertising figures alone are not sufficient to show consumer recognition. *In re Pennzoil Products Co.*, 20 USPQ2d 1753, 1760 (TTAB 1991) (finding no link established between substantial sales and advertising figures and public recognition of the trademark significance of the applicant's mark); *Toro*, 61 USPQ2d at 1179 (finding mark not famous for dilution purposes where opposer submitted little evidence of how famous the mark is among potential purchasers of opposer's consumer products beyond evidence relating to advertising and sales figures).

2. Gado Has Failed To Demonstrate That DOLCE & GABBANA Was Famous At The Time Jay-Y First Used Its DG Marks

Most of Gado's evidence of fame of its DOLCE & GABBANA marks consists of sales and advertising figures. These figures, however, are not sufficiently large, and were not sufficiently large as of 1993, to establish that the DOLCE & GABBANA mark was famous for

purpose of a claim of dilution. For example, Gado asserts that its date of first use of the DOLCE & GABBANA mark in the United States was when it opened its first showroom in the United States. The record, however, does not contain any sales figures for DOLCE & GABBANA branded products until calendar year 1994, during which Gado claims sales of *fragrances* were [REDACTED] (Exh. C, DG00579.) Clearly, sales of [REDACTED] of DOLCE & GABBANA fragrances does not sufficiently establish fame for dilution purposes.

Moreover, the record contains copies of only 19 advertisements or articles that were published prior to 1994 referencing DOLCE & GABBANA. Promotion of the DOLCE & GABBANA brand in 19 publications, most of which constitute high-end fashion magazines with a limited audience, hardly establishes that the DOLCE & GABBANA brand was a “household name” when Jay-Y adopted its DG marks.

As such, Gado has not established that the DOLCE & GABBANA mark is famous for purposes of its dilution claim.

3. Gado Has Failed To Demonstrated That D&G DOLCE & GABBANA Or DG Were Famous At The Time Jay-Y First Used Its DG Marks

As explained above, Gado asserts that the date of first use of its D&G DOLCE & GABBANA mark and DG mark in the United States is in 1995, two years after Jay-Y first used its DG marks. As such, Gado cannot demonstrate and has not demonstrated that D&G DOLCE & GABBANA or DG were famous at the time Jay-Y first used its DG marks.

B. Gado Has Not Proven A Likelihood Of Dilution With Regard To Its DOLCE & GABBANA, D&G DOLCE & GABBANA And D&G Marks

Where marks are not identical, direct evidence of likelihood of dilution, e.g., consumer surveys, is required to make the requisite showing. *Moseley v. V Secret Catalogue, Inc.*, 537 U.S. 418, 434, 65 USPQ2d 1801 (2003). Those surveys, though, must establish more than the

fact that consumers mentally associate one mark with the other; they must indicate that the mental association that occurs reduces the capacity of the famous mark to identify its goods.

Gado has not introduced consumer surveys or any other evidence of actual dilution. For this reason alone, its claim of dilution under Section 43(a) of the Trademark Act based on its DOLCE & GABBANA, D&G DOLCE & GABBANA and D&G marks fail.

VIII. LACHES BARS GADO FROM CANCELING THE JAY-Y REGISTRATIONS

The Lanham Act specifically allows use of the equitable defense of laches in all *inter partes* proceedings. 15 U.S.C. §1069. In the absence of actual knowledge of the respondent's use of the mark during the opposition period, the length of petitioner's delay in filing the petition for cancellation is calculated from the date the registration issues. *Teledyne Technologies, Inc. v. Western Skyways, Inc.*, 78 USPQ2d 1203, 1210 (TTAB 2006); *The Christian Broadcasting Network, Inc. v. ABS-CBN International*, 84 USPQ2d 1560 (TTAB 2007).

Laches is a product of the petitioner's delay in filing the petition for cancellation coupled with the resulting prejudice to the registrant that arises as a result of the delay. *Pro Football, Inc. v. Harjo*, 565 F.3d 880 (D.C. Cir. 2009) ("the amount of prejudice required in a given case varies with the length of the delay"). The failure of a petitioner to explain the delay "must weigh heavily in the balance against it." *Procter & Gamble Co. v. J.L. Prescott Co.*, 102 F.2d 773, 40 USPQ 434, 442 (3d Cir. 1939). Periods of delay from three and a half to five years have been sufficient delays to support a finding of laches when coupled with prejudice to the registrant. *See Teledyne*, 78 USPQ at 1211; *The Christian Broadcasting Network, Inc.*, 84 USPQ at 1573.

Here, Gado delayed over four years and ten months to file the petition for cancellation of Registration No. 2,582,314, and four years, four months with regard to Registration No. 2,663,337.

Prejudice may take two forms: evidentiary and economic. *Bridgestone/Firestone Research, Inc. v. Automobile Club De L'Ouest De La France*, 58 USPQ2d 1460, 1463 (Fed. Cir. 2001). Evidentiary prejudice occurs due to a loss of witnesses, faded memories, or destruction of tangible evidence. *Id.* Economic prejudice arises from investment in and development of the trademark and associated good will in the mark; the continued commercial use of a mark over a prolonged period adds weight to the evidence of prejudice. *Teledyne*, 78 USPQ at 1211. Thus, the essential inquiry is whether respondent has changed economic position during the period of delay.

As a result of petitioner's delay in filing its petition for cancellation, respondent has spent five years investing and developing the DG marks and the good will associated therewith. Additionally, Jay-Y maintained its use of the DG marks on sunglasses, continuing to sell sunglasses over the five-year period. Granting the petition to cancel would unduly prejudice Jay-Y by defeating Jay-Y's substantial investment, development and utilization of the DG mark from 2002 to 2007.

Moreover, Gado's interminable delay in filing this proceeding resulted in the loss of the very evidence Jay-Y needed to rely upon to defend itself. After this proceeding was filed, Jay-Y attempted to locate the models of sunglasses that were sold under the DG Marks. Specifically, Ms. Chen made a list of the models that she recalled were sold under one of the DG Marks, and then attempted to locate samples of those models in order to confirm her memory. (T. Chen Depo. 51:24-52:8.) Because of the passage of time, however, Jay-Y was unable to find samples of all of those models in its warehouse. (*Id.* at 53:20-25.) Moreover, even the factories that manufactured the sunglasses were unable to locate samples of them "[b]ecause it was just too long ago." (*Id.* at 54:4-18.) In addition, with regard to the actual invoices, a number of the older



invoices that would reflect sales of sunglasses under the DG marks were no longer kept.

(T. Chen Depo. 95:5-14.) While Jay-Y was able to locate some of the models of its sunglasses that it sold under the DG marks, and while those are sufficient to demonstrate Jay-Y's clear priority, Gado's delay in asserting its claim has caused the loss of directly relevant evidence.

Accordingly, Jay-Y respectfully requests the Board find that laches bars cancellation of the registrations due to Gado's unreasonable delay in filing the petition for cancellation and the economic prejudice suffered by Jay-Y as a result of the delay.

IX. IF THE BOARD DECIDES THAT JAY-Y'S DG MARKS ARE CONFUSINGLY SIMILAR TO GADO'S D&G MARK, THE BOARD SHOULD GRANT JAY'S COUNTERCLAIM

Jay-Y has pleaded that, if Gado is successful in proving that its D&G mark shown in Registration No. 3,108,433 is confusingly similar to Jay-Y's DG marks, then Jay-Y is entitled to cancellation because Jay-Y, not Gado, has the priority of use.

Jay-Y has clearly demonstrated that its use pre-dates Gado's Jay-Y mark by two years. Jay-Y has introduced evidence that it first used its  mark at least as early as December 16, 1993 (*See* Exh. 101 and 135) and its  mark is at least as early as April 27, 1995 (*See* Exh. 141, pgs. JAY-Y00394-395, JAY-Y00397, and Exh. 110). On the other hand, Gado submits that it first used its D&G mark in September 1995, although the record does not include any evidence of sales in connection with solely the D&G mark.

Accordingly, if this Board finds that Gado's D&G mark is confusingly similar to Jay-Y's DG mark, then Jay-Y is entitled to cancellation of Registration No. 3,108,433. 15 U.S.C. § 1052(d).

X. CONCLUSION

For the foregoing reasons, Jay-Y respectfully requests that Gado's petition to cancel Registration Nos. 2,582,314 and 2,663,337 be denied.

Jay-Y further respectfully requests that, if the Board finds that Jay-Y's DG marks are confusingly similar to Gado's D&G mark, Jay-Y's petition to cancel Registration No. 3,108,433 be granted.

SEYFARTH SHAW LLP

Dated: October 31, 2011

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CERTIFICATE OF SERVICE

I hereby certify that on October 31, 2011, I served the foregoing BRIEF OF JAY-Y ENTERPRISE CO., INC. AS DEFENDANT IN THE CANCELLATION AND AS PLAINTIFF IN THE COUNTERCLAIM on the Petitioner by depositing a true copy thereof in a sealed envelope, postage prepaid, in First Class U.S. mail addressed to Petitioner's counsel as follows:

Mark Lerner, Esq.
Robert Carrillo, Esq.
Satterlee, Stephens, Burke & Burke LLP
230 Park Avenue, 11th Floor
New York, NY 10169

/s/ Kenneth L. Wilton

Kenneth L. Wilton